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PSYCHOLOGICAL EXAMINERS
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STATE OF NEW JERSEY
DEPARTMENT OF LAW & PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
STATE BOARD OF PSYCHOLOGICAL EXAMINERS
STATE BOARD OF MEDICAL EXAMINERS

IN THE MATTER OF THE SUSPENSION	:	Administrative Action
OR REVOCATION OF THE LICENSES OF	:	
MICHAEL S. ABRAMS, Ph.D. AND	:	
LIDIA DENGELI, Ph.D.	:	COMPLAINT
TO PRACTICE PSYCHOLOGY, AND OF	:	
SALVATORE NAPOLI, M.D.	:	
TO PRACTICE MEDICINE AND SURGERY	:	
IN THE STATE OF NEW JERSEY	:	

PETER VERNIERO, ATTORNEY GENERAL OF NEW JERSEY, by Joan D. Gelber,
Deputy Attorney General, with offices at 124 Halsey Street, Newark, New
Jersey 07101, by way of Complaint says:

GENERAL ALLEGATIONS

1. Complainant Attorney General of New Jersey is charged with enforcing the laws of the State of New Jersey pursuant to N.J.S.A. 52:17A-4(h) and 45:1-14 et seq.

2. The New Jersey State Board of Psychological Examiners is charged with the duty and responsibility of regulating the practice of psychology in the State of New Jersey pursuant to N.J.S.A. 45:14B-1 et seq. and 45:1-14 et seq.

3. The New Jersey State Board of Medical Examiners is charged with the duty and responsibility of regulating the practice of medicine in the State of New Jersey pursuant to N.J.S.A. 45:9-1 et seq. and 45:1-14 et seq.

4. Respondent Michael S. Abrams, Ph.D., residing at 120 Mountain Park Road, Clifton, New Jersey, is the holder of license number 02564 and has been licensed to practice psychology during all times pertinent herein. Since approximately January 1987 he has offered professional services as "Director of Psychological Services" for several of his owned entities and locations including, but not limited to, "Psychological Medicine" at 2630 Kennedy Blvd., Jersey City; 2457 Kennedy Blvd., Jersey City, 569 Broadway, Bayonne, and at 2125 Center Avenue, Fort Lee, New Jersey. He currently maintains multiple entity names including but not limited to "Psychological Health" and "Psychological Health, Inc." and "Psychological Health/Medical" at 135 Palisade Avenue, Jersey City, New Jersey.

5. Respondent Lidia Dengelegi-Abrams, Ph.D., residing at 120 Mountain Park Road, Clifton, New Jersey, has been engaged in the professional practice of psychology during all times pertinent to the within Complaint, first as a permit-holder and subsequently licensed under license number 02968 since August 1992. She has offered professional services at "Associate Director of Psychological Services" at "Psychological Medicine" and is a co-owner/director or "trustee" of several of the subsequently formed corporate entities named in paragraph 4 above.

6. Respondent Salvatore Napoli, M.D., D.D.S., residing at 182 East Magnolia Avenue, Maywood, New Jersey, was the holder of license number MA50431 issued by the Board of Medical Examiners and had been licensed to practice medicine and surgery during certain times pertinent herein.*

* Dr. Napoli voluntarily surrendered his license to practice medicine and surgery in this State to the State Board of Medical Examiners by Order filed March 12, 1997, but he remains eligible to

He has offered professional services at one or more of the locations set forth in paragraph 4 above under the name "Psychological Medicine."

7. During a period including, but not limited to, 1989 through at least 1994, respondents represented that they were providing certain professional services to numerous patients under the name "Psychological Medicine" in the Jersey City, Bayonne and Fort Lee offices. Under said entity name, respondents regularly billed insurance carriers for professional medical and psychological services to said patients.

8. During a period including, but not limited to, 1989 through at least 1994, prescription legend drugs were prescribed and/or dispensed by one or more of the said respondents. Said drugs included Zoloft, an antidepressant; Prozac, an antidepressant; and Buspar, an antianxiety agent. Each such drug has the potential for serious adverse effects in individual patients or when taken in combination with other agents having pharmaceutical effects.

COUNT 1 (AS TO MICHAEL ABRAMS, Ph.D.)

1. Complainant incorporates the General Allegations set forth above.

2. At all times pertinent to the within Complaint, respondent Abrams was an owner of "Psychological Medicine."

3. As a psychologist-owner, respondent Abrams was responsible for examining potential and current patients for psychological treatment; for determining the need for diagnostic tests within his licensed scope of practice and for interpreting the results thereof; for integrating such results into the patient's treatment program; for preparing and maintaining a proper patient record; and assuring accuracy of claim

seek reinstatement.

forms with regard to diagnosis, services rendered, and fees. Respondent Abrams was responsible for truthful advertising of services offered by "Psychological Medicine."

4. Respondent Michael S. Abrams, Ph.D. regularly represented that he and/or his entity "Psychological Medicine" was providing medical examination; medical diagnostic testing including but not limited to impedance plethysmography ("IPG") and urinalysis and other bioanalytical laboratory testing; as well as individual and group psychotherapy and hypnotherapy to patients for medical/psychological treatment purposes.

5. During a time period including 1992 Respondent Abrams offered to pay to one or more unlicensed individuals a 10% commission on the amounts collected from insurance carriers for new patients referred to "Psychological Medicine" by the said individual, in violation of accepted standards of practice and of N.J.A.C. 13:42-10.13 and -10.14.

6. During a time period including but not necessarily limited to 1992-1993 Respondent Abrams personally engaged in the following additional acts of misconduct, or directed others to do so, or authorized, ratified or condoned the following acts and practices:

(a) Weight loss programs and other programs were to be offered to persons holding health insurance, and potential participants were advised that the cost of services received would be wholly covered by their insurance carriers and at no personal cost to the individuals, when respondent Abrams knew or should have known that in the circumstances presented, such programs were not covered services;

(b) Patients were to be scheduled and billed for professional psychotherapy sessions, which sessions were sometimes conducted by persons not licensed to offer such professional services in this State;

(c) Patients were to be scheduled and billed for "hypnotherapy" for medical reasons which service, in fact, was not administered and/or was administered by an unlicensed person;

(d) Bills to carriers were to allege services rendered to patients by a licensee, when in fact the services were sometimes rendered by a technician and the claim forms did not so disclose that fact and the fee were not adjusted downward, in violation of N.J.A.C. 13:42-10.12.

(e) Medical tests were to be billed to carriers when such tests had not always been completed or interpreted;

(f) Purported results of medical tests, including urinalysis or EKG, were to be entered into patient charts even when the particular tests had not in fact been performed;

(g) Bills were to be submitted under CPT code 93950 (impedance plethysmography testing) when no such tests had been performed;

(h) Electrical or infrared impedance tests were to be billed as diagnostic tests in the treatment of hypercholesterolemia, of hypertriglyceridemia or of morbid obesity even when, in fact, no such tests were administered and/or the tests were not medically recognized as appropriate for the purpose;

(i) Bills were to be submitted for medical testing which was not medically justified;

(j) Patient bills were to be generated in advance, claiming specific treatments on specific dates, and carriers were to be billed for such services even though the claimed services had not always been rendered.

(k) Patients were to be asked to sign insurance claim forms in blank.

(l) Staff were to be directed to submit bills for medical or psychological services in the name of an individual who was not necessarily the provider of the service claimed.

(m) Purported medical doctor comments were to be composed and written into patient charts by non-physicians, without the direction, knowledge or approval of the physician in whose name the comments were presented;

(n) Insurance carriers were to be billed by submission of claim forms which listed diagnoses of medical or psychological abnormality or disorders for which treatment would likely be covered by the insurance carriers, which diagnoses were at times spurious and had not been made by respondent's employed examining physicians;

(o) The actual patient chief complaints and diagnoses determined by respondent's employed examining physician, if not likely to be covered by the insurance plan, were at times not to be placed on insurance claim forms;

(p) Bills were to be submitted for individual psychotherapy sessions to individual patients, although sometimes the patients had attended group sessions;

(q) Some insurance carriers, including Medicare, were be billed for 45-minute psychotherapy sessions, when sessions were sometimes actually about 20 minutes or less;

(r) Medical or psychological treatment claim forms were to be prepared and signed by clerical staff in the name of a licensee, without a process for required review and approval by the licensee who was the named provider;

(s) Psychological or medical treatment claim forms were to be prepared often in the name of a licensee and stamped with a rubber stamp signature, without an original signature, in violation of N.J.A.C. 13:42-10.12.

(t) Patients were generally not to be billed for co-payments required by their insurance plans, and said general policy was not to be disclosed to the carriers.

6. Respondent Abrams failed to maintain session notes for purported psychotherapy sessions for many or all of the patients for whom he purported to have rendered treatment or maintained inadequate notes, in violation of N.J.A.C. 13:42-8.1.

7. Respondent Abrams provided psychotherapy to persons whom he also employed and/or from whom he borrowed money, previously or subsequently or concurrently, in violation of N.J.A.C. 13:42-10.13, the Conflict of Interest rule of the Board of Psychological Examiners.

8. Respondent Abrams held himself out as authorized to employ and supervise medical doctors for the rendition of medical services, which conduct is outside the scope of respondent's practice as a licensed psychologist and is in violation of N.J.A.C. 13:42-7.1 and 7.2.

9. The abovesaid conduct constitutes failure to comply with the ongoing requirement of good moral character, N.J.S.A. 45:14B-14(b); permitting an unlicensed person to practice psychology in the name of a licensee and to use his license for that purpose; N.J.S.A. 45:14B-24(b); violation of any provision of the Practicing Psychology Licensing Act or rule of the Board, N.J.S.A. 45:14B-24(e) and N.J.S.A. 45:1-21(h); negligence or misconduct in the performance of his professional duties as a licensed practicing psychologist, N.J.S.A. 45:14B-24(f) and 45:1-

21(c), (d) and (e). Each such instance constitutes a separate transaction and a separate offense; N.J.S.A. 45:1-25.

COUNT 2 (AS TO MICHAEL ABRAMS, Ph.D.)

1. Complainant repeats the allegations of Count 1.

2. Respondent Abrams purported to diagnose medical conditions and issued prescriptions for Prescription Legend Drugs and or Controlled Substances. Said drugs were dispensed and/or ordered by him or, at his direction, ordered in the name of another including but not necessarily limited to Dr. E.M. or Dr. Napoli.

3. The making of a medical diagnosis and prescribing or dispensing medication is outside the scope of respondent's practice as a licensed psychologist.

4. The abovesaid conduct constitutes deception and misrepresentation, professional misconduct, N.J.S.A. 45:1-21(b) and (e); engaging in conduct outside of respondent's licensed scope of practice, N.J.S.A. 45:14B-4; and failure to comply with the ongoing requirement of good moral character, N.J.S.A. 45:14B-14(b); and violation of any provision of the Practicing Psychology Licensing Act or rule of the Board, N.J.S.A. 45:14B-24(e). Each such instance constitutes a separate transaction and a separate offense; N.J.S.A. 45:1-25.

COUNT 3 (AS TO LIDIA DENGELI, Ph.D.)

1. Complainant incorporates the General Allegations set forth above.

2. Respondent Dengeli was the "Associate Director" of Psychological Medicine: during a period including but not necessarily limited to August 1992 and thereafter.

3. Respondent Dengeli, personally or by direction to others, selected and/or inserted, in the charts of "Psychological Medicine" patients, diagnoses of medical abnormality or disorders for which treatment would likely be covered by the insurance carriers, which diagnoses were spurious and had not been made by the entity's employed examining physicians.

4. Respondent Dengeli personally, or by direction to others, directed that a patient be billed for a full psychotherapy session even when the patient did not attend the session, or attended for only a few minutes, or came to the office for purposes other than psychotherapy.

5. Respondent Dengeli directed staff to submit bills to patients' insurance carriers for medical tests, including urinalysis and EKG tests, when such tests had not been performed.

6. Respondent Dengeli directed staff to enter purported results of clinical laboratory tests into patient charts when the particular test had not in fact been performed.

7. Respondent Dengeli directed staff to submit bills for medical or psychological services in the names of individuals who were not the providers of the services claimed.

8. Respondent Dengeli directed an outside billing service to continue to bill patients' carriers on behalf of "Psychological

Medicine," notwithstanding being on notice that an individual practitioner employed at "Psychological Medicine" had previously billed separately for the same services.

9. Respondent Dengelegi failed to maintain session notes for purported psychotherapy sessions for many or all of the patients for whom she purported to have rendered treatment or maintained inadequate notes, in violation of N.J.A.C. 13:42-8.1.

10. The abovesaid conduct constitutes failure to comply with the ongoing requirement of good moral character, N.J.S.A. 45:14B-14(b); violation of any provision of the Practicing Psychology Licensing Act or rule of the Board, N.J.S.A. 45:14B-24(e) and N.J.S.A. 45:1-21 (h); misrepresentation, negligence or misconduct in the performance of her professional duties as a licensed practicing psychologist, N.J.S.A. 45:14B-24(f) and 45:1-21(b), (c), (d) and (e). Each separate instance constitutes a separate transaction and a separate offense; N.J.S.A. 45:1-25.

COUNT 4 (AS TO ABRAMS AND DENGELEGI-ABRAMS)

1. Complainant repeats the allegations of Counts 1 through 3.

2. Respondents have engaged in numerous forms of conspiracy, retaliation, and other forms of misconduct, including but not limited to those set forth herein.

3. Respondents directed that, when demand was made by an insurance carrier for a copy of the patient record to justify the claims submitted on behalf of "Psychological Medicine," if a patient chart documented a desire to lose weight or stop smoking as the reason for program participation, such reference was to be whited-out. The altered patient

charts were to be submitted in response to the demand for the true chart.

4. One or both psychologist respondents directed that a letter was to be issued to an insurance carrier in the name of physician Salvatore Napoli, M.D. asserting a medical purpose for a billed service, which response was not authored by Dr. Napoli.

5. Respondents directed that inquiry by an insurance company regarding weight loss services to patient-insureds be routinely answered by telling the carrier that the patients were attending for therapy purposes.

6. During the period June-July 1992, respondents directed that employed Dr. C.G. be fired when she objected to a medical diagnosis which respondent Abrams had ordered placed in a patient chart.

7. Respondents sought, by numerous deceptive and dishonest means, to interfere with an investigation conducted by an insurance carrier which was questioning respondents' business practices. Such conduct included attempts at personal harassment of an investigator; secret instruction and coaching of persons scheduled for investigative interviews; and suggestions to secretly tape-record the interviews for respondents.

8. Such conduct constitutes misrepresentation and deception, professional misconduct, and failure of the ongoing requirement of good moral character, in violation of N.J.S.A. 45:14B-14(b) and of N.J.S.A. 45:14B-24(e) and of N.J.S.A. 45:1-21(b) and (e). Each instance constitutes a separate transaction and a separate offense; N.J.S.A. 45:1-25.

COUNT 5 (AS TO SALVATORE NAPOLI, M.D.)

1. Complainant incorporates the General Allegations set forth above.

2. At all times pertinent to this Complaint including the period 1988 through 1994, respondent Napoli was an owner of "Psychological Medicine."

3. As a physician-owner, respondent Napoli was responsible for examining potential and current patients for medical treatment; for determining the need for laboratory or other diagnostic tests; for interpreting the results thereof; for integrating such results into the patient's treatment program; for preparing and maintaining a proper patient record; and for assuring accuracy of claim forms with regard to diagnosis, services rendered, and fees. Respondent Napoli was by law responsible for truthful advertising of services offered by "Psychological Medicine."

With regard to the hiring of employees, respondent Napoli was responsible for assuring that only properly trained and credentialed persons would perform services requiring licensure and that such employees would honestly and competently perform services to patients.

With regard to persons employed to perform clerical/administrative services, respondent Napoli was responsible for assuring that only properly trained and supervised persons would perform such tasks and that such employees would honestly and competently perform said tasks.

4. In fact, respondent Napoli personally engaged in and/or directed, authorized or condoned the following deceptive, unprofessional and/or negligent misconduct:

(a) Persons who did not hold an appropriate professional board license to prescribe and/or dispense prescription legend drugs and other drugs, to provide professional counseling services or medical services, or to provide hypnotherapy for treatment purposes, engaged in such activities;

(b) Laboratory specimens were obtained from patients, without always performing an appropriate analysis thereof;

(c) Spurious results of purported laboratory tests were sometimes placed in the patient chart;

(d) Bills were prepared, charging for medical tests and other services which had not always been performed;

(e) Bills were prepared, charging for individual therapy sessions when the patient had instead sometimes attended group sessions;

(f) Bills were prepared, charging full professional fee for treatment sessions which were "no shows", without such designation and without approval to so bill;

(g) Weight loss and other programs were falsely advertised as fully covered by insurance and at no cost to the patient;

(h) Bills were submitted for use of medical devices which respondent knew or should have known to be ineffective for the purpose claimed;

(i) Untruthful diagnoses were often placed on insurance claim forms;

(j) Patient records were often altered to remove diagnoses which would not justify insurance coverage;

(k) Integrity of the patient record was not always maintained;

(l) False and inaccurate bills were prepared and submitted;

(m) Claim forms sometimes listed the name of a doctor other than that of the actual provider of the professional service;

(n) Claim form sometimes were signed by persons other than the provider and/or by clerical staff using a signature stamp of a provider and/or without assuring that the claim was signed by an authorized agent so designated by placement of initials following the name of the purported provider.

5. Alternatively, respondent Napoli knew or should have known of the regular occurrence of the abovesaid conduct and failed to responsibly effectuate his supervisory duties as a physician-owner of "Psychological Medicine" as required by N.J.A.C. 13:35-6.16.

6. Respondent failed to establish general policies and procedures for the running of the office as required by N.J.A.C. 13:35-6.16, including but not limited to the following:

- (a) truthfulness of advertising claims,
- (b) policy on billing for "no shows",
- (c) policy on billing for "food" provided as part of the diet program,
- (d) approval of the efficacy of medical devices to be used,
- (e) documentation of truthful diagnoses,
- (f) security and integrity of the patient record,
- (g) preparation of accurate and truthful bills,
- (h) documentation on claim forms of the actual provider of the professional service,
- (i) truthful signature of the provider or of a duly authorized agent signing the provider's signature with appropriate agent initials.

7. Respondent's conduct constitutes fraud, misrepresentation and deception; repeated negligence, malpractice or incompetence; professional misconduct; and failure to comply with rules of the Board of Medical Examiners including but not limited to N.J.A.C. 13:35-6.5 and 13:35-6.16; N.J.S.A. 45:9-6, and 45:1-21 (b), (c), (d), (e) and (h). Each separate instance constitutes a separate transaction and a separate offense; N.J.S.A. 45:1-25.

8. Respondent Napoli is a second or subsequent offender with regard to his responsibilities as a licensee of the Board, and is thereby liable to enhanced penalties for any violations proved in the present Complaint.* An Order was filed March 12, 1997 accepting surrender of his license in the course of investigation.

WHEREFORE, Complainant demands the entry of an Order against respondents Abrams, Dengelegi and Napoli including the following:

By the Board of Psychological Examiners:

1. The suspension or revocation of the license heretofore issued to respondents Abrams and Dengelegi to practice psychology in the State of New Jersey;

2. A prohibition on respondents Abrams and Dengelegi from employment in any exempt setting pursuant to N.J.A.C. 13:42-1.6;

3. Imposition of penalties on respondents Abrams and Dengelegi for each separate unlawful act as set forth in Counts I, 2,3, and 4 above;

* In the course of investigation of apparently unrelated matters, respondent surrendered his license to practice medicine and surgery to the State Board of Medical Examiners by Order filed March 12, 1997, but remains eligible to seek reinstatement. Respondent also surrendered license #14566 to practice dentistry to the State Board of Dentistry by Order filed March 5, 1997.

4. Imposition on respondents Abrams and Dengelegi of costs, including investigative costs, fees for expert and fact witness expenses, and costs of trial including transcripts.

5. Reimbursement, ordered jointly and severally as against each respondent including Drs. Abrams and Dengelegi, as applicable, to patients/examinees and/or third party payors of all monies received for acts found to be unlawful in the circumstances alleged herein;

6. Direction to cease and desist from the unlawful conduct proved;
and

7. Such other and further relief as the Board of Psychological Examiners shall deem just and appropriate.

By the Board of Medical Examiners:

1. The suspension or revocation of the license heretofore issued to respondent Napoli to practice medicine and surgery in the State of New Jersey and/or a determination that he is not deemed eligible for reinstatement of license;

2. Imposition of penalties on respondent Napoli for each separate unlawful act as set forth in Count 5 above;

3. Imposition on respondent Napoli of costs, including investigative costs, fees for expert and fact witness expenses, and costs of trial including transcripts.

4. Reimbursement, ordered jointly and severally as against each respondent including Dr. Napoli, as applicable, to patients/examinees and/or third party payors of all monies received for acts found to be unlawful in the circumstances alleged herein;

8. Direction to cease and desist from the unlawful conduct proved;
and

9. Such other and further relief as the Medical Examiners shall
deem just and appropriate.

PETER VERNIERO
ATTORNEY GENERAL OF NEW JERSEY

By: 

Joan D. Gelber
Deputy Attorney General

Date: September 22 , 1997